

SENATE BILL REPORT

HB 1506

As Reported by Senate Committee On:
Ways & Means, March 23, 2009

Title: An act relating to benefits for the survivors of certain firefighters.

Brief Description: Providing benefits for the survivors of certain firefighters.

Sponsors: Representatives Conway, Bailey, Chase, Kirby, O'Brien, Kenney, Simpson, Carlyle, Hinkle, Goodman, Williams, Upthegrove, White and Kelley; by request of Select Committee on Pension Policy.

Brief History: Passed House: 2/23/09, 92-0.

Committee Activity: Ways & Means: 3/23/09 [DP].

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: Do pass.

Signed by Senators Prentice, Chair; Fraser, Vice Chair, Capital Budget Chair; Tom, Vice Chair, Operating Budget; Zarelli, Ranking Minority Member; Brandland, Carrell, Fairley, Hewitt, Hobbs, Honeyford, Keiser, Kline, Kohl-Welles, McDermott, Murray, Oemig, Parlette, Pflug, Pridemore, Regala, Rockefeller and Schoesler.

Staff: Erik Sund (786-7454)

Background: The Firemen's Relief and Pensions System – 1955 Act (FRPS) covered firefighters prior to the establishment of the statewide Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF) in 1970. It is administered in part by firemen's pension boards in each fire protection district. It is commonly referred to as the Firemen's "prior act," and, unlike the LEOFF, the benefits are not supported by a state fund. Each municipality that has members of the FRPS instead has a separate pension fund that supports the benefits owed to members and beneficiaries from that municipality. These funds are supported by revenue from 25 percent of the 2 percent state tax on fire insurance policies and up to 45 cents per \$1,000 of assessed value from municipalities' property tax levies.

Members and the beneficiaries of members who left service after 1970 are generally entitled to the better of the benefits that were offered either by the FRPS or the LEOFF Plan 1; however, members who left service prior to the creation of the LEOFF Plan 1 in 1970 are entitled to benefits only from the FRPS.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

The surviving spouses of members of the FRPS, who were killed in the line of duty, are entitled to a benefit equal to 50 percent of the deceased member's basic salary at the time of death. The surviving spouse of a member, who left service due to duty-related disability, is equal to the monthly pension the member was receiving at the time of the member's death. The surviving spouse of a member, who died as a result of a non duty-related disability, is equal to one-third of the basic salary the member was receiving at the time of the member's death, plus additional amounts for dependent children.

In all three cases members of the FRPS killed in the line of duty or disabled from further duty, the benefits to the surviving spouse cease if the surviving spouse remarries.

In 2002 LEOFF Plan 1 was amended to provide members the option of creating an actuarially-reduced survivor benefit for a spouse who was otherwise ineligible for a survivor benefit from the plan. One group of spouses of LEOFF Plan 1 members who were ineligible for survivor benefits prior to the 2002 change were those who married the member after the member left service.

Summary of Bill: The line-of-duty death and disability benefits paid to the surviving spouses of members of the FRPS do not cease upon the remarriage of the surviving spouse. An actuarially-equivalent optional spousal survivor benefit is created for members of the FRPS with spouses otherwise ineligible for survivor benefits under the plan. A member that chooses this optional benefit will receive a reduced retirement allowance until the member is deceased, and survivor benefits begin, or the designated spouse is deceased, and the survivor benefit reduction is removed from the member's benefit.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony (on companion SB 5311): PRO: This bill will remove the remarriage penalty for survivors of firefighters who retired from the FRPS on a disability pension, a penalty that doesn't apply to survivors of members that retired on a regular service pension. Similar penalties have already been removed from other systems. This bill will also provide FRPS members with the same option to provide a survivor benefit for their spouses after retirement, an option that members of most other plans have enjoyed since 1999. Spouses of FRPS members generally don't receive substantial social security benefits, as they typically did not work much and don't qualify for spousal benefits because firefighters weren't eligible for social security. The option to provide a new survivor benefit won't impact retirement system costs because any member choosing to do so must accept a benefit reduction to reflect the actuarial value of the survivor benefit.

Persons Testifying: PRO: Dick Warbrouck, Retired Fire Fighters of Washington.